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General Accounting Office
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Resources, Community, and
Economic Development Division

B-273009

September 6, 1996

The Honorable Duncan Hunter
Chairman, Subcommittee on
Military Procurement
Committee on National Security
House of Representatives

The Honorable Dan Schaefer
Chairman, Subcommittee on
Energy and Power
Committee on Commerce
House of Representatives

Over the last several years, the Congress has reduced the Department of Energy's (DOE) budget request for new obligational authority and recommended that the Department use a portion of the balances remaining from prior years' obligational authority that is carried over into the new fiscal year to support its program activities.¹ For example, at the beginning of fiscal year 1996, DOE's "carryover balances" totaled \$9.6 billion. The Congress recommended that \$1 billion of these balances be used to reduce DOE's fiscal year 1996 budget request.

Carryover balances represent funding from prior years' budgets and consist of both unobligated balances and uncosted obligations. Each fiscal year, DOE requests obligational authority from the Congress to meet the costs of running its programs. Once DOE receives this authority, it obligates funds by placing orders or awarding contracts for goods and services that will require payment during the same fiscal year or in the future. Unobligated balances represent the portion of its authority that the Department has not obligated. Uncosted

¹Obligational authority, provided by law, is the authority to enter into obligations that normally result in the payment of the federal government's funds.

obligations represent the portion of the Department's authority that it has obligated for goods and services but for which it has not yet incurred costs. The carryover balances are distributed among operating activities, capital equipment procurement, and construction projects.

In order to assist you in overseeing DOE's budget request, you asked that we provide information on the carryover balances held by DOE and the potential availability of these balances for use in offsetting the Department's fiscal year 1997 budget request. Specifically, this report (1) projects DOE's carryover balances for operating activities and capital equipment procurement at the beginning of fiscal year 1997 and estimates the portion that might be available to offset the Department's fiscal year 1997 budget request and (2) identifies carryover balances in construction projects that might be available to offset the fiscal year 1997 budget request. The information contained in this report was provided to you in earlier briefings. We focused our review on the funding for six major DOE program areas—Environmental Management, Defense Programs, Energy Efficiency and Renewable Energy, Energy Research, Fossil Energy, and Nuclear Energy. These programs account for about 85 percent of the Department's annual budget. Within these programs, our review of DOE's carryover balances for operating activities and capital equipment procurement focused on activities that accounted for \$4.5 billion in carryover balances at the beginning of fiscal year 1996.

In summary, on the basis of DOE's program cost estimates for fiscal year 1996, we project that DOE's six major programs will have \$3.6 billion in carryover balances for operating activities and capital equipment procurement at the beginning of fiscal year 1997. While DOE's programs need some carryover balances to pay for commitments made in prior years that have not been completed, we estimate that the Department may have as much as \$2.1 billion in operating activity and capital equipment procurement carryover balances that could potentially be made available to offset the fiscal year 1997 budget request. For construction projects, we identified \$73.5 million in funding that is available to offset the fiscal year 1997 budget request. In addition, we questioned another \$106 million in potentially available funding associated with construction projects; however, we were not able to quantify the exact amount that may be available to offset the budget request.

OPERATING AND CAPITAL EQUIPMENT PROCUREMENT FUNDING

In April 1996, we reported that DOE did not have an effective standard approach for identifying excess carryover balances that may be available to

reduce future budget requests.² Instead, we found that DOE relied on broad estimates of potentially excess balances in its individual programs. As a result, the Department could not be sure whether the amount of carryover balances that it proposes for use by its programs was adequate, too small, or too large. We also identified several methods for developing a more effective approach for projecting and analyzing carryover balances that were being considered within the Department. We recommended that DOE use these methods to develop an approach that (1) set carryover balance goals for each program, (2) projected the program's carryover balances at the beginning of the fiscal year under consideration, and (3) analyzed the difference between the goals and the projections to identify excess balances. DOE agrees that a more effective approach for projecting and analyzing carryover balances is needed and is currently exploring options for improving its approach.

On the basis of DOE's program cost estimates for fiscal year 1996, we project that the Department will have about \$3.6 billion in carryover balances at the beginning of fiscal year 1997 for operating activities and capital equipment procurement in its six major programs.³ Using the minimum goals for carryover balances discussed in our prior report,⁴ we estimate that DOE will need a minimum of \$1.5 billion to pay for commitments made in prior years that have not yet been completed—leaving a total of \$2.1 billion in potentially

²DOE Management: DOE Needs to Improve Its Analysis of Carryover Balances (GAO/RCED-96-57, Apr. 12, 1996).

³Four of DOE's six major programs—Defense Programs, Environmental Management, Energy Research, and Nuclear Energy—were able to provide fiscal year 1996 cost estimates except for selected activities within Energy Research and Nuclear Energy. For these activities and for DOE's other two major programs—Energy Efficiency and Renewable Energy and Fossil Energy—fiscal year 1996 cost estimates were based on the historic spending rates provided by DOE's Office of the Chief Financial Officer.

⁴As discussed in enc. IV, to develop goals for the minimum level of carryover balances needed to meet program requirements, we adopted the goals developed by DOE's Environmental Management program. For example, for operating funding, these goals assume a minimum of a 1-month lag between a commitment of funding and the actual expenditure of funding for that commitment. Thus, for a year's operating funding, a carryover balance goal of 1 month's funding (or 8 percent of the total obligational authority) would represent the minimum carryover balance needed to meet program requirements.

available carryover balances at the beginning of fiscal year 1997. DOE has proposed using \$182 million in carryover balances to offset its fiscal year 1997 budget request for its six major programs.

It is important to stress that the \$2.1 billion only represents potentially available balances—the amount of projected carryover balances that exceed the minimum goal for balances needed to meet program commitments. As we noted in our prior report, this balance represents a starting point from which to identify the amount of balances that could actually be used to offset DOE's budget. DOE should be able to quantify the unique program characteristics that determine the need for balances over the goal in order to determine the amount of available balances. However, DOE's proposed use of \$182 million in carryover balances continues to be based on broad estimates without any detailed analysis of program requirements for carryover balances. Furthermore, DOE has not indicated the amount of balances from operating activities, capital equipment procurement, or construction projects that will make up the proposed use of \$182 million in carryover balances. As a result, DOE cannot ensure that it is proposing the use of the appropriate amount of available carryover balances or that the balances are from the correct accounts.

While DOE's overall carryover balances have declined, the use of carryover balances in its programs varies. Some programs such as Environmental Management have used large portions of their potentially available carryover balances, while other programs such as the Energy Efficiency and Renewable Energy program have not used significant amounts of their balances. Specifically, we project that the Environmental Management program will have \$833 million in carryover balances for operating activities and capital equipment procurement and estimate that the program will need a minimum of \$604 million to pay for commitments made in prior years—leaving \$228 million in potentially available carryover balances at the beginning of fiscal year 1997. DOE has proposed using \$150 million of its carryover balance to offset a portion of its fiscal year 1997 budget request for the Environmental Management program.⁵

⁵Although the Environmental Management program has proposed the use of \$150 million, some of these balances may come from construction projects that are not included in the analysis of carryover balances for operating activities and capital equipment procurement.

In contrast, we estimate that the Energy Efficiency and Renewable Energy program will have \$659 million in potentially available carryover balances for operating activities and capital equipment procurement. However, DOE has proposed to use only \$15 million to offset its fiscal year 1997 budget request for the Energy Efficiency and Renewable Energy program. Enclosure I provides details on the status of DOE's carryover balances at the beginning of fiscal year 1996, projected fiscal year 1997 beginning balances, and the potentially available carryover balances for its six major programs.

CONSTRUCTION FUNDING

In a review of DOE's major construction projects, we identified \$73.5 million in available funding. For example, we identified \$9.3 million in excess carryover balances for the Waste Characterization and Storage Facility at Idaho National Engineering Laboratory. This facility experienced a cost underrun due to a downsizing of the original work scope. Also, we identified a request for \$5 million in new funding for a chemistry and metallurgy research building upgrade at Los Alamos National Laboratory that will not be needed in fiscal year 1997. This project was undergoing plan changes, and a comparison of the amount of funding available and the amount of funding needed through the end of fiscal year 1997 revealed that \$5 million of requested new funding was not needed until after fiscal year 1997. Enclosure II contains tables that detail the available funding we identified in DOE's construction projects by program. Table II.1 provides a summary of our findings by program, and tables II.2 through II.6 provide details on the projects by program.

We also questioned another \$106 million in potentially available funding associated with construction projects; however, we were unable to quantify the exact amount of these funds that may be available to offset DOE's fiscal year 1997 budget request. For example, we identified \$51.1 million tied to completed subcontracts that are awaiting closeout at DOE's Oak Ridge facility. Some portion of these funds may be needed to pay final claims related to these subcontracts, but the portion of the funds that will not be needed will not be determined until final audits are completed. We also identified \$9 million in funding being held to settle a legal claim at DOE's Hanford facility, but the amount needed is uncertain until that claim is settled at a later time. Enclosure III contains tables that show other potentially available funding we identified in DOE's construction projects by program. Table III.1 provides a summary of our findings by program and tables III.2 through III.4 provide details on the projects by program.

We conducted our work from February through August 1996 in accordance with generally accepted government auditing standards. Enclosure IV describes our objectives, scope, and methodology.

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We provided DOE with a draft of this report for its review and comment. We discussed the report with officials from DOE's Office of the Chief Financial Officer, including the Deputy Director of the Office of Budget. In general, DOE agreed that the report was accurate and factual. Where appropriate, we made several changes to the report in response to specific comments on the facts presented.

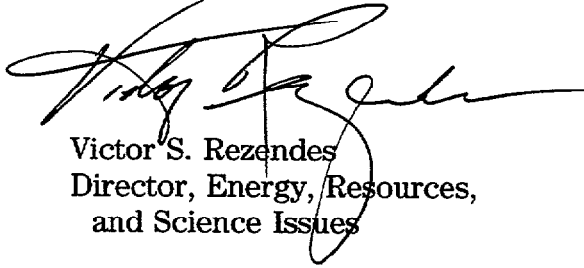
While DOE agreed that the basis for projecting carryover balances (i.e., fiscal year 1996 beginning balances and fiscal year 1997 funding) is accurate, it cannot verify the accuracy of program cost estimates for fiscal year 1996. Therefore, DOE cannot verify whether the projected carryover balances and the amount of potentially available balances are accurate. However, DOE noted that it is working on a policy to define procedures, timing, formats, and analytical criteria by which to improve the evaluation of carryover balances as we recommended in our April 1996 report. DOE said that the analysis in the present report is based on simple assumptions of program needs and that the Department is in the process of establishing a more sophisticated approach that considers unique program characteristics to better determine the amount of available balances. Furthermore, according to the officials, it is important to emphasize that our projection of potentially available carryover balances in the report is not equivalent to the amount of balances that may actually be used to offset DOE's budget. Rather, it is a starting point from which to begin analyzing the amount of balances that could actually be used to offset DOE's budget. We agree that the carryover balance analysis in this report is based on simple assumptions of program needs for carryover balances and that it should only be a starting point from which to determine the amount of available carryover balances. We believe that DOE's efforts to develop a more sophisticated approach is a positive development and in line with the recommendation in our April report, which states that DOE develop a more effective approach for analyzing carryover balances.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days after the date of this letter. At that time, we will send copies of the report to the appropriate

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congressional committees and the Secretary of Energy. We will also make copies available to others upon request.

Please call me at (202) 512-3841 if you or your staff have any questions. Major contributors to this report included Chris Abraham, Gene Barnes, Mark Gaffigan, William Garber, Lisa Gardner, Ron Guthrie, John Hunt, Gary Malavenda, Anne McCaffrey, James Noël, Chris Pacheco, Tom Perry, Paul Rhodes, Bill Swick, Charles Sylvis, and Pamela Timmerman.

A handwritten signature in black ink, appearing to read 'Victor S. Rezendes', is written over the printed name and title.

Victor S. Rezendes
Director, Energy, Resources,
and Science Issues

Enclosures - 4

ENCLOSURE I

ENCLOSURE I

STATUS OF CARRYOVER BALANCES FOR OPERATING AND CAPITAL EQUIPMENT FUNDING

Dollars in thousands

DOE program	FY 1996 beginning balances	Projected FY 1997 beginning balances	Carryover balance goal for FY 1997	Potentially available balance ^a	Proposed use of carryover balances in DOE's FY 1997 request
Defense Programs	\$750,330	\$475,973	\$306,847	\$169,126	0
Environmental Management	1,204,944	832,687	604,383	228,304	\$150,400
Energy Research	602,763	582,798	226,807	355,991	0
Nuclear Energy	386,943	313,205	165,478	147,727	17,266
Energy Efficiency and Renewable Energy	971,346	790,267	130,783	659,484	15,000
Fossil Energy ^b	621,540	611,653	74,818	536,835	0
Total, DOE's major programs	\$4,537,866	\$3,606,583	\$1,509,116	\$2,097,467	\$182,666

ENCLOSURE I

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^aThis balance represents a starting point from which to identify the amount of balances that could actually be used to offset DOE's budget.

^bThe Fossil Energy program includes funding from the Fossil Energy Research and Development appropriation, the Strategic Petroleum Reserve appropriation, and the Naval Petroleum and Oil Shale Reserves appropriation.

AVAILABLE FUNDING IDENTIFIED IN
DOE'S CONSTRUCTION PROJECTS

Table II.1: Summary of DOE Programs' Available Construction Funding

Program	Available funding
Defense Programs (DP)	
Weapons activities	\$20,506,987
General plant projects (GPP)	1,309
Total, DP	\$20,508,296
Environmental Management (EM)	
Defense	40,297,150
Nondefense	2,871,016
General plant projects	7,339,327
Total, EM	\$50,507,493
Total, Energy Research (ER)	\$1,700,000
Total, Energy Efficiency and Renewable Energy (EE)-- Modifications for energy management	\$754,010
Total, Nuclear Energy (NE)--Naval reactors	\$46,000
Total funding available	\$73,515,799

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Table II.2: Defense Programs, Available Construction Funding

Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
Weapons activities projects				
84-D-112	Trident II warhead production--Oak Ridge	\$396,280	None	Project completed, but awaiting closeout.
84-D-124-000	Environmental improvements--Oak Ridge	228,500	None	Project completed, but awaiting closeout.
86-D-130	Replacement tritium facility--Savannah River Site	61,724	None	Project completed.
88-D-105	Special Nuclear Materials Lab--Los Alamos National Laboratory	61,795	None	Project completed.
88-D-106-060	Material Science Lab--Los Alamos National Laboratory	24,860	None	Project completed.
88-D-122	Facilities Capability Assurance Program (FCAP)--Various subprojects at multiple sites (See below.)		\$21,940,000 (Total, FCAP)	Various. (See below.)
	#02--Primary Standards Lab--Sandia National Lab	342,000	None	Project completed.
	#27--Refurbish power supply/distribution system--Oak Ridge	119,000	\$2,950,000	Funds not needed until FY 1998.

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
	#31--Replace deteriorated elevators--Oak Ridge	334,000	\$2,500,000	Funds not needed until FY 1998.
	#32--Tritium Shipping Center--Savannah River Site	14,369	None	Project completed.
	#39--Replace compressed air system--Pantex	90,000	\$3,070,000	Funds not needed until FY 1998.
	#41--Replace east boilerhouse cooling tower--K.C. Plant	911,450	\$3,450,000	Contingency funds not needed until FY 1998.
88-D154	New production reactor--Savannah River Site	7,382	None	Project canceled.
90-D-102-070	Chemistry and metallurgy research building upgrade--Los Alamos National Laboratory	5,055,000	\$15,000,000	Funds not needed until FY 1998.
92-D-102-010 92-D-102-080	Gas line replacement, phases A & B--Los Alamos National Laboratory	604,627	None	Phase A completed. Phase B to be completed in Feb. 1997.
92-D-126-000	Replace emergency notification system--K.C. Plant	500,000	None	Cost underrun.

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
93-D-122-000	Life safety upgrades--Oak Ridge	158,000	\$7,200,000	Funds not needed until FY 1998.
93-D-123-000	Nonnuclear reconfiguration, Complex 21--Sandia National Lab ^a	6,003,000	\$14,487,000 (for overall multisite project)	Cost underrun.
94-D-124-000	Hydrogen fluoride supply system--Oak Ridge	5,000	\$4,900,000	Funds not needed until FY 1998.
94-D-125-000	Upgrade life safety--K.C. Plant	590,000	\$5,200,000	Contingency funds not needed until FY 1998.
94-D-128-000	Environment, Safety, and Health Analytical Lab--Pantex Plant	5,000,000	None	Project on hold. Likely to be canceled or significantly reduced in scope.
Subtotal, weapons activities projects		\$20,506,987		
General plant projects				
GPD121 (39GB03010)	GPP--Savannah River Site	1,309	Flexible funding	Project completed.
Subtotal, general plant projects		\$1,309		
Total, Defense Programs		\$20,508,296		

^aWe also identified \$2,635,000 in cost underruns at the Kansas City Plant; however, these funds were effectively removed through a \$2,692,000 FY 1996 offset.

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Table II.3: Environmental Management, Available Construction Funding

Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
Defense projects				
85-D-145	Fuel production facility--Savannah River Site	\$207,526	None	Cost underrun.
86-D-149	Productivity Retention Program--Savannah River Site	2,239,000	None	Cost underrun.
87-D-152	Environmental protection plantwide--Savannah River Site	10,916	None	Cost underrun.
89-D-122	Production waste storage--Oak Ridge	1,000,000	None	Project completed.
89-D-140	Additional separations safeguards--Savannah River Site	1,035,000	None	Cost underrun.
89-D-141	M-Area waste disposal--Savannah River Site	628,000	None	Project canceled.

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
90-D-103	Environmental, safety, and health improvements--Los Alamos National Laboratory	129,000	None	Project canceled.
90-D-126	Environmental, safety, and health enhancements, air monitoring improvements--Rocky Flats	3,000,000	None	Unneeded contingency funds.
90-D-141	Idaho chemical processing plant fire protection--Idaho National Engineering Laboratory (INEL)	25,000	None	FY 1996 funds not needed.
90-D-149	Plantwide fire protection--Savannah River Site	2,500,000	None	Cost underrun.
90-D-176	Transuranic waste facility--Savannah River Site	761,000	None	Cost underrun.
90-D-177	Waste characterization and storage facility--INEL	9,300,000	None	Cost underrun.

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
91-D-145	Whole body counter--Savannah River Site	36,375	None	Cost underrun.
92-D-122	Health physics/environmental project, representative effluent samplers--Rocky Flats	500,000	None	Unneeded contingency funds.
92-D-143	Health Protection Instrumentation Calibration Facility--Savannah River Site	1,117,000	None	Cost underruns.
92-D-150	Operations Support Center--Savannah River Site	1,020,000	None	Cost underruns.
92-D-151	Plant maintenance and improvements--Savannah River Site	257,000	None	Cost underruns.
92-D-153	Engineering support facility--Savannah River Site	802,246	None	Project completed.
92-D-171	Mixed waste receiving--Los Alamos National Laboratory	12,916	None	Project canceled, but awaiting closeout.

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
92-D-182	INEL sewer system upgrade--INEL	1,376,000	None	FY 1996 funds not needed.
92-D-183	INEL Transportation Complex--INEL	1,393,000	None	FY 1996 funds not needed.
92-D-188	Waste management, environmental safety, and health--Oak Ridge	1,197,000	None	Cost underrun.
93-D-147	Domestic water upgrade--Savannah River Site	2,000,000	None	Cost underrun.
93-D-148	Replace high-level drain lines--Savannah River Site	206,000	None	Cost underrun.
93-D-152	Environmental modifications for production facility--Savannah River Site	900,000	None	Cost underrun.
93-D-177	Disposal of K-1515 sanitary water treatment--Oak Ridge	202,000	None	Project completed.
94-D-405	Central neutralization facility pipeline extension--Oak Ridge	300,000	None	Cost underrun.

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
94-D-406	Low-level waste disposal facility--Oak Ridge	500,000	None	Cost underrun.
94-D-411	Solid Waste Operations Complex, Hanford--Various subprojects (See below.)		None	(See below.)
	Enhanced radioactive and mixed waste storage facility (phase V)--Hanford	4,522,471	None	Cost underrun.
	Wrap 2A--Hanford	683,000	None	Project canceled.
	Solid waste retrieval facility--Hanford	54,700	None	Project suspended and undergoing cancellation.
94-D-412	300-A process sewer upgrade--Hanford	1,250,000	None	Cost underrun.
94-D-416	Solvent storage tanks installation--Savannah River Site	132,000	None	Cost underrun.
95-D-156	Install radio trunking system--Savannah River Site	500,000	None	Cost underrun.

ENCLOSURE II

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
95-D-158	Reactor disassembly basin upgrades--Savannah River Site	500,000	None	Cost underrun.
Subtotal, defense projects		\$40,297,150		
Nondefense projects				
91-E-602000	Hazardous, radioactive and mixed waste storage facility upgrade--Argonne National Lab	2,100,000	None	Hazardous Waste Facility portion of project canceled.
93-E-633	Upgrade sanitary sewage system--Oak Ridge	771,016	None	Cost underrun.
Subtotal, nondefense projects		\$2,871,016		
General plant projects				
GPD146000 (39GE03000)	GPP--Savannah River Site	2,855,339	Flexible funding	Projects completed.
GPD171000 (39EW31305)	GPP--Savannah River Site	466,999	Flexible funding	Projects completed.
GPD171000 (39EW31306)	GPP--Savannah River Site	474,240	Flexible funding	Project completed.

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Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
GPD171000 (39EW31403)	GPP--Savannah River Site	171,749	Flexible funding	Project completed.
GPD171 (39EW31309)	GPP--Rocky Flats	2,529,000	Flexible funding	Funds uncommitted at FY 1995 year-end.
GPD171 (39EW70300)	GPP--Rocky Flats	842,000	Flexible funding	Funds uncommitted at FY 1995 year-end.
Subtotal, general plant projects		\$7,339,327		
Total, Environmental Management		\$50,507,493		

ENCLOSURE II

ENCLOSURE II

Table II.4: Energy Research, Available Construction Funding

Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
Multiprogram energy laboratories--facilities support				
93-E-325000	Potable water upgrade, phase I--Brookhaven National Laboratory	\$1,400,000	None	Cost underrun.
95-E-301000	Central heating plant upgrade--Argonne National Laboratory	300,000	None	Funds not needed until FY 1998.
Total, Energy Research		\$1,700,000		

ENCLOSURE II

ENCLOSURE II

Table II.5: Energy Efficiency and Renewable Energy. Available Construction Funding

Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
IHE-500000	In-house Energy Management (IHEM)--Modifications for energy management--Various locations (See below.)		\$1,759,000 (Total, IHEM)	Various. (See below.)
	Argonne projects	\$244,000		Cost underrun.
	Sandia projects	118,460		Projects canceled and completed.
	Oak Ridge projects	295,000		Projects canceled.
	Savannah River projects	96,550		Projects completed.
Total, Energy Efficiency and Renewable Energy		\$754,010		

ENCLOSURE II

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Table II.6: Nuclear Energy. Available Construction Funding

Line item number	Name or task/location	Funds available	FY 1997 funds requested	Reason funding available
Naval reactors				
90-N-103	Test reactor area off-gas treatment system--INEL	\$46,000	None	Cost underrun.
Total, Nuclear Energy		\$46,000		

OTHER POTENTIALLY AVAILABLE FUNDING IDENTIFIED IN
DOE'S CONSTRUCTION PROJECTS

Table III.1: Summary of Other Potentially Available Construction Funding

Program	Potential amount available
Defense Programs	\$36,715,695
Environmental Management	13,933,101
Other programs	55,439,632
Total	\$106,088,428

Table III.2: Defense Programs, Potentially Available Construction Funding

Line item number	Name or task/location	Potential funds available	FY 1997 funds requested	Reason funding may be available
Defense Programs projects				
85-D-139	Fuel processing restoration--INEL	\$865,000	None	FY 1996 funding unencumbered. DOE holding for legal liability purposes.
88-D-106-05	Dual-Axis Radiographic Hydrotest (DARHT)--Los Alamos National Laboratory	Up to \$35,155,000	None	Project delayed due to ongoing court injunction. Updated, firm cost estimates are not available. Not all funds may be needed.
92-D-102020	Infrastructure modernization (IM)--Lawrence Livermore National Laboratory	\$271,695	None	Subproject to be completed in FY 1997. Contingency funds expected to remain at project's completion.
92-D-102-050	Atmospheric Emergency Response Facility--Lawrence Livermore National Laboratory	\$424,000	None	Subproject to be completed in FY 1996. Contingency funds expected to remain at project's completion.
Total, Defense Programs		\$36,715,695		

Table III.3: Environmental Management, Potentially Available Construction Funding

Line item number	Name or task/location	Potential funds available	FY 1997 funds requested	Reason funding may be available
Environmental Management projects				
82-D-136	Fuel Processing facilities upgrade--INEL	\$60,000	None	FY 1996 funding unencumbered. DOE holding for legal liability purposes.
89-D-1720	Hanford environmental compliance (HEC)--Hanford	9,038,224	None	Funds held to settle \$21 million legal claim. Amount needed is uncertain until claim is settled later this year.
90-D-175	300-A electrical conversion--Hanford	33,500	None	Project to be completed in 1996. Funds expected to remain available after completion.
91-D-1720	High-level waste tank farm upgrades--INEL	588,000	None	FY 1996 funding unencumbered. DOE holding for legal liability purposes.

ENCLOSURE III

ENCLOSURE III

Line item number	Name or task/location	Potential funds available	FY 1997 funds requested	Reason funding may be available
92-D-1770	Tank 101-AZ waste retrieval system--Hanford	849,000	None	Project completed. Remaining funds may be used to rectify recent unexpected problems.
92-D-4020	Sanitary sewer system rehabilitation--Lawrence Livermore National Laboratory	95,000	None	Project completed, but financial closeout needed. Amount needed for closeout is uncertain.
93-D-1800	FY 1993-96 groundwater monitoring wells--Hanford	2,627,600	None	Funds not needed until FY 98 or later. Future well drilling questionable.
95-E-600T100	Hazardous Materials Management and Emergency Response Training Center (HAMMER)--Hanford	641,777	None	Contingency funds not needed. DOE contractor agreed, but DOE disagreed.
Total, Environmental Management		\$13,933,101		

Table III.4: Other DOE Programs, Potentially Available Construction Funding

Line item number	Name or task/location	Potential funds available	FY 97 funds requested	Reason funding may be available
Multiple	Multiple--Oak Ridge	\$51,106,632 ^a	None	Balances for completed subcontracts awaiting closeout audits.
RL66420 (EX700300)	Fast Flux Test Facility shutdown--Hanford	2,456,000	None	Project expected to close out in FY 97. Amount needed for closeout is uncertain.
88R8120 (39EX31309)	Hazardous waste handling facility--Lawrence Berkeley National Laboratory	615,000	None	Project expected to be completed in October 1996. Contingency funds expected to remain at project's completion.
93-E-3240 (39KG02000)	Hazardous materials safeguards, phase I--Lawrence Berkeley National Laboratory	640,000	None	Project expected to be completed in August 1996. Contingency funds expected to remain at project's completion.

ENCLOSURE III

ENCLOSURE III

Line item number	Name or task/location	Potential funds available	FY 97 funds requested	Reason funding may be available
94-E-3390 (39KP00000)	Human Genome Laboratory--Lawrence Berkeley National Laboratory	622,000	\$1,000,000	Project expected to be completed in April 1998. Contingency funds expected to remain at project's completion.
Total, other DOE programs		\$55,439,632		

^aAccording to DOE, about 7 to 8 percent of the work performed at Oak Ridge is "work for others," and this amount may contain some non-DOE funding. We reduced the balance by 10 percent to allow for a reserve for potential costs resulting from closeout audits.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives in this review were to (1) estimate potential carryover balances for operating activities and capital equipment procurements at the beginning of fiscal year 1997 that may be available to offset DOE's fiscal year 1997 budget request and (2) provide information on carryover balances and requests for new funding in fiscal year 1997 for construction projects that may be in excess of project needs.

To estimate potentially available balances for operating and capital equipment procurement activities, we (1) projected total carryover balances and (2) developed goals for the minimum level of carryover balances needed to meet program requirements for the beginning of fiscal year 1997.

We developed our projection of total carryover balances by adding carryover balances at the beginning of fiscal year 1996 and new funding in fiscal year 1996 to calculate the total resources available. We then obtained fiscal year 1996 cost estimates from DOE program officials. For those DOE programs where cost estimates were not available—the Energy Efficiency and Renewable Energy and Fossil Energy programs and selected activities within Energy Research and Nuclear Energy programs—we developed fiscal year 1996 cost estimates based on data on the programs' historic spending rates provided by DOE's Office of the Chief Financial Officer. We then subtracted fiscal year 1996 cost estimates from the total resources available to arrive at projected carryover balances for the beginning of fiscal year 1997.

To develop goals for the minimum level of carryover balances needed to meet program requirements, we adopted the goals developed by DOE's Environmental Management program. Specifically, for operating funding, these goals assumed a minimum of a 1-month lag between a commitment of funding and the actual expenditure of funding for that commitment. Thus, for a year's operating funding, a carryover balance goal of 1 month's funding (or 8 percent of the total obligational authority) would represent the minimum carryover balance needed to meet program requirements. For capital equipment, these goals assumed a minimum of a 6-month lag between a commitment of capital equipment funding and the actual expenditure of funding for that commitment. Thus, for a year's capital equipment funding, a carryover balance goal of 6 month's funding (or 50 percent of the total obligational authority) would represent the minimum carryover balance needed to meet program requirements. Where possible, we adjusted the goals to account for individual programs' characteristics that would impact the amount of carryover balances needed to meet unique program requirements. Table IV.1 summarizes the areas where we made adjustments to DOE programs.

Table IV.1: Adjustments to Carryover Balance Goals for DOE Programs

DOE program	Specific program adjustment
Energy Efficiency and Renewable Energy	Weatherization Assistance, State Energy Conservation, and Institutional Conservation programs: Carryover balance goal for these formula grant programs was adjusted to reflect the fact that funding for these grants is not distributed until 6 months into the fiscal year.
Environmental Management	Environmental Restoration program: Carryover balance goal was adjusted to account for operating funding that actually includes funding for capital equipment procurement.
Energy Research	Biological and Environmental Research and Basic Energy Sciences programs: Carryover balance goal was adjusted to remove construction projects contained within operating funding.
Energy Research	All programs: Capital equipment procurement carryover balance goal was adjusted to remove funding for major items of equipment that have the characteristics of construction projects.
Energy Research	Small Business Innovative Research program: Not included in carryover balance analysis because it is not funded by a specific appropriation but rather is funded by an assessment on all government research and development funding.
Energy Research	Super Conducting Super Collider program: Not included in the analysis of carryover balances because the program has been canceled, and remaining funding is committed to closing out the program.
Nuclear Energy	University Reactor Fuel Assistance program: Carryover balance goal adjusted to account for grants, which are 37 percent of new obligational authority, that are not obligated until the last 2 months of the fiscal year.
Nuclear Energy	Soviet Design Reactor Safety program: Not included in the analysis because funding is for construction-related projects in the former Soviet Union.
Fossil Energy	Strategic Petroleum Account appropriation: Not included in the analysis because it is a reserve account.
Fossil Energy	Clean Coal Technology program: Not included in the analysis because funding is primarily for long-term construction-related projects.

We did not develop carryover balance projections and goals to identify potential excess funding for DOE's construction projects. As we noted in our April 1996 report, there is no need to establish a goal for carryover balances for construction projects because each one is unique, and its level of carryover balances can be easily measured

against the remaining scope of work, milestones, and specific budget request. Therefore, we obtained standard financial status reports on all of DOE's construction projects. We focused our review on those projects with significant carryover balances, increasing carryover balances, little or no cost activity, or projects that were aging, delayed, or canceled. We identified excess carryover balances and/or excess funding requested in fiscal year 1997 that appeared to be beyond program needs and met with DOE and contractor officials to verify that the funds were not needed.

We reviewed projects at 13 different DOE sites, including the following:

Argonne National Laboratory, Argonne, Illinois
Brookhaven National Laboratory, Upton, New York
Hanford Facility, Richland, Washington
Idaho Facilities, Idaho Falls, Idaho
Kansas City Plant, Kansas City, Missouri
Lawrence Berkeley Laboratory, Berkeley, California
Lawrence Livermore National Laboratory, Livermore, California
Los Alamos National Laboratory, Los Alamos, New Mexico
Oak Ridge National Laboratory and Y-12 Plant, Oak Ridge, Tennessee
Pantex Plant, Amarillo, Texas
Rocky Flats Site, Golden, Colorado
Sandia National Laboratories, Albuquerque, New Mexico
Savannah River Site, Aiken, South Carolina

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